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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (SCC)**
:
:
Debtors. : **(Jointly Administered)**
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**NOTICE OF FILING OF TRANSACTION DOCUMENTS AND REVISED [PROPOSED]
FORM OF ORDER WITH RESPECT TO MOTION OF PLAN ADMINISTRATOR FOR
ENTRY OF AN ORDER AUTHORIZING LEHMAN BROTHERS SPECIAL
FINANCING INC. TO INVEST DISPUTED CLAIMS RESERVES PURSUANT TO
SECTION 8.4 OF THE MODIFIED THIRD AMENDED JOINT CHAPTER 11 PLAN OF
LEHMAN BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

PLEASE TAKE NOTICE THAT on July 14, 2015, Lehman Brothers Holdings Inc.
("LBHI"), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of
Lehman Brothers Holdings Inc. and its Affiliated Debtors (the "Plan"), together with the Official
Committee of Unsecured Creditors (together with LBHI, the "Movants"), filed the Motion for
Entry of an Order Authorizing Lehman Brothers Special Financing Inc. to Invest Disputed

Claims Reserves Pursuant to Section 8.4 of the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc., and its Affiliated Debtors [Docket No. 50296] (the “Motion”) and the Declaration Of William Montuoro In Support Of The Motion [Docket No. 50297] (the “Montuoro Declaration”).¹

PLEASE TAKE FURTHER NOTICE THAT the objection deadline relating to the Motion was 4:00 p.m. on July 28, 2015, that no objections were filed to the Motion, and that the hearing on the Motion currently is scheduled for August 4, 2015; and

PLEASE TAKE FURTHER NOTICE that the Motion requests, among other things, approval for an inter-debtor arrangement whereby LBSF will invest a portion of its Disputed Claims reserve in secured notes to be issued by LBHI (the “LBSF Note”); and

PLEASE TAKE FURTHER NOTICE THAT the Motion requests authority for an Investment of \$295 million, which, as described in the Motion, is the minimum amount of cash or cash equivalents that LBHI will have available to collateralize and ultimately satisfy the LBSF Note. Attached to the Montuoro Declaration, as Exhibit A, is a calculation of LBHI’s ability to repay the LBSF Note based upon various potential outcomes in connection with the Plan Administrator’s ongoing litigation with Citibank (the “Secured Note Calculation”); and

PLEASE TAKE FURTHER NOTICE THAT the Investment Amount of \$295 million was based upon various assumptions concerning the payment of post-petition interest and fees with respect to the Citibank Claims (which the Plan Administrator currently opposes) through July 31, 2020 but “does not include any fees incurred by Citibank to date that are allocable to the Citibank LBSF Claim.” (Mot. at 9). The Motion notes that “[i]f Movants receive clarification of that amount, they may seek to increase the size of the Investment because if the claim for such

¹ Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

fees is allowed, then the Approved LBSF Claim Amount will increase by that same amount and [be] included as part of the payout to LBHI for the LBHI Subrogated Claim.” (Mot. at 9); and

PLEASE TAKE FURTHER NOTICE THAT the Movants have: (a) updated the Secured Note Calculation to include further assumptions regarding the payment of post-petition interest and fees with respect to the Citibank Claims (which the Plan Administrator opposes) through July 30, 2022; (b) adjusted the face amount of the LBSF Note as follows: downward from \$295 million to \$266 million, reflecting the payment of such interest and fees through July 30, 2022; and then upward by \$34.2 million, based on estimates provided by Citibank concerning those fees; and (c) reset the amount of the Investment at \$300 million based on those changes. A copy of the updated Secured Note Calculation is attached hereto as **Exhibit 1**.

PLEASE TAKE FURTHER NOTICE THAT the Motion indicates “the Investment will be documented in a loan agreement filed with the Court prior to the Hearing on the Motion.” (Mot. at 11); and

PLEASE TAKE FURTHER NOTICE THAT in connection with the Motion, attached hereto, the Movants are filing the following documents:

(i) a proposed form of Intercompany Note and Security Agreement (i.e., the LBSF Note) that LBHI will execute in favor of LBSF upon Bankruptcy Court approval, a copy of which is annexed hereto as **Exhibit 2**;

(ii) a proposed form of Deposit Account Control Agreement, to be executed by LBHI, LBSF and Citibank, N.A. upon Bankruptcy Court approval, a copy of which is annexed hereto as **Exhibit 3**; and

(iii) a blacklined version of the proposed form of order approving the Motion (the “Revised Order”), which is marked to show the changes from the form of order that was filed with the Motion, a copy of which is annexed hereto as **Exhibit 4**.

Dated: July 30, 2015
New York, New York

Respectfully submitted,

CURTIS, MALLET-PREVOST, COLT &
MOSLE LLP

By: /s/ Peter J. Behmke

Turner P. Smith

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